

State of Michigan
Administrative Guide to State Government

1250.01 Referral of Delinquent Accounts Receivable

Issued: January 1, 1994
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PURPOSE

To provide guidelines for referral of delinquent accounts receivable to Treasury.

APPLICATION

Executive Branch Departments and Sub-units.

CONTACT AGENCY

Department of Treasury
Collection Division

Telephone: 517-636-5300

Fax: 517-636-5215

SUMMARY

Some delinquent accounts receivable are to be dealt with by the respective agency. Others, as specified below, are to be referred to Treasury.

APPLICABLE FORMS

985 State Agency Debt Referral

Contact Treasury for electronic transmission or paper filing instructions.

PROCEDURES

Treasury

- Under section 13(e) of Public Act No. 7 of 1953, has all the same powers, duties, functions, responsibilities and jurisdictions over collection of past due moneys and accounts owed to the state of Michigan or its departments, commissions or institutions that were given to the Attorney General by Public Act No. 375 of 1927, as amended, §§ 14.131 to 14.134 of Michigan Compiled Laws 1970.

- Responsibilities in this area are carried out by the Collection Division, subject to limitations of Attorney General's Opinion No. 2561 of October 8, 1956.

Note: Claims for which responsibility of collection lies with the agency by statutory enactment are not referred to Collection Division.

Note: Claims requiring court proceeding to determine money owed to the state and/or currently in bankruptcy or other litigation are not referred to Collection Division prior to completion of court proceedings.

Agency

- Maintains records of all claims submitted to Collection Division showing current status and balance due.
- If by statutory enactment, responsible for making the collection and does not refer the claim to Treasury, Collection Division.
 - Does not refer claims to the Collection Division until collection efforts have been made at the agency for a 6 month period. This includes administrative efforts, i.e., suspension of license, etc. Claims may be submitted before the end of the 6 month period if previously approved by Treasury (e.g., to comply with federal regulations, state statutes or legislation).
- Must not refer claims for amounts less than \$100 to the Collection Division, Department of Treasury. Agencies must have proper controls in place to write off or otherwise maintain records for these debts.
- Must provide all claimants with a written notice of their right to an administrative review. If such review is held, a written response must be issued prior to referring the debt to Treasury.
- Must identify all claims referred to the Collection Division by a valid social security number or business account number. Claims submitted without an identifying number or using an incorrect number will not be accepted for collection unless approval has been granted by the Collection Division.
- Responsible for year-end accrual of the account receivable for financial statement purposes on accounts referred to Treasury.

Other information

- Refer to State of Michigan [Financial Management Guide, Part II, Chapter 1, Section 200](https://stateofmichigan.sharepoint.com/teams/insidesbo/insideofm/Documents/Financial%20Management%20Guide/Part%20II%20-%20Accounting%20and%20Financial%20Reporting%20Policies/Ch01/Section_200_Receipts_Receivables_and_Revenue_Recognition.pdf) for Receipts, Receivables and Revenue Recognition (https://stateofmichigan.sharepoint.com/teams/insidesbo/insideofm/Documents/Financial%20Management%20Guide/Part%20II%20-%20Accounting%20and%20Financial%20Reporting%20Policies/Ch01/Section_200_Receipts_Receivables_and_Revenue_Recognition.pdf).
- Refer to State of Michigan [Financial Management Guide, Part II, Chapter 11, Section 200](https://stateofmichigan.sharepoint.com/teams/insidesbo/insideofm/Documents/Financial%20Management%20Guide/Part%20II%20-%20Accounting%20and%20Financial%20Reporting%20Policies/Ch11/Section_200_Accounts_Receivable_Write_Offs.pdf) for Accounts Receivable Write-Offs (https://stateofmichigan.sharepoint.com/teams/insidesbo/insideofm/Documents/Financial%20Management%20Guide/Part%20II%20-%20Accounting%20and%20Financial%20Reporting%20Policies/Ch11/Section_200_Accounts_Receivable_Write_Offs.pdf).
